
MEMORANDUM

TO: Dennis Johnson, Mayor
City Council Members

FROM: Allison Williams, Executive Services Director; Steve King, Public Works Director
of Engineering

SUBJECT: Pybus Market Project Overview

DATE: February 2, 2010

Background: Several processes have intersected in order to bring together the possibility of creating the Pybus Market and Sustainability Center:

First: The Wenatchee Valley Farmer's Market: They have been working with the City since the development of the Wenatchee Waterfront Subarea Plan (2002-2004) to find a permanent home. They have always operated out of temporary locations. Until the construction of Riverside Drive, they operated in Riverfront Park, through a permit provided to them from Chelan County PUD. Because Riverside Drive was a City sponsored project, the City provided a \$1 lease for the market season in 2008 on the Palouse Parking lot and in 2009 on the former City's Public Works property. The development of the Pybus Market Project would provide them with a permanent home for their season in 2011.

Second: Ted Mischaikov: Again during the Waterfront Subarea Planning process, Bob Morse, owner of Morse Steel, communicated with City staff that he recognized and valued what was happening with Wenatchee's waterfront and he would be looking to relocate. He noted that he had a successful relationship on a similar project in Bellingham with Ted Mischaikov. He brought Ted to town in 2006 and subsequently, Ted purchased Parcel A and A-1 shown below and optioned Bob Morse's property (Parcel B, C and D) below:



Ted Mischaikov has worked diligently on interesting partners in these properties. He has toured numerous investors, developers of Anthony's Restaurant and numerous hotel developers. He brought Mike Keenan, developer / owner of the Chyalis to the city as an interested party in the Public Works property. The key for all has been the development of a catalyst project that will bring people to the area. With this knowledge and his understanding of what the Bellingham Farmer's Market did for Bellingham, he began to investigate the development of a public market and talk with potential partners. He presented to the Chelan County Port and the Chelan County PUD spring / summer 2009.

Third: City of Wenatchee South Waterfront Node Charrette and Funding Success: As Council may remember, the City's Public Works property was on the open market in 2008. The Mayor had attended a national Waterfront Development Conference and after listening to experts at that conference, called and asked that the property be pulled of the market so an analysis could be done for how the property could be the right catalyst for development in the area. As a result, the City pulled together over 50 stakeholders in January 2009, who walked through the south node and retired to the Convention Center to design. There was a 100% consensus for how the south node of the waterfront should be developed.



City staff understood that public markets could be developed privately, but with the fall out of the financial market in late 2008, financing was becoming increasingly difficult for private, mixed

use projects. After some research, it seemed that most successful markets are on public properties, including the Olympia market which is on Port property. As a result, the City approached the Port of Chelan County (who had been a participant in the charrette) to consider a partnership to develop the Pybus market project. The timing was also perfect because federal requests were due, and there were many requests for stimulus funds, so the City submitted the Pybus Market and Sustainability Project to Patty Murray's office for funding. In summer 2009, the City received news of successful funding, pending passage of the federal budget for \$1.46 million for the Pybus Market.

In June 2009, a tour was held of Bellingham's Farmer's Market, a private market, a private incubator building and the Bellingham Food Bank. Tour participants included Port staff, City staff and several stakeholders, including a representative from the Wenatchee Valley Farmer's Market and the Community Farm Connection. Tour participants agreed that the Bellingham Farmer's Market concept was a consideration as a model for Pybus.



Concept Illustration

Pybus Public Market
Wenatchee, Washington

In July 2009, the Local Revitalization Financing District tool became available for application. The City adopted the LRF Ordinance 2009-26, which forms the redevelopment district, on August 27, 2009, and since that time, city staff have been diligently moving forward on the identified projects from the Ordinance: 1. Pybus Market redevelopment; 2. City's former public works site remediation and boat moorage; 3. Waterfront gateway and Orondo Street improvements; 4. Parking lot improvements for Linden Tree park at Ninth and Walla Walla Avenues; and 5. Waste water treatment plant odor and visual mitigation.

Fourth: Port of Chelan County Partnership: In September, the Port of Chelan County closed on the sale of their Skills Center building and had available funding to reinvest in economic development projects. They began the formal process of evaluating the Pybus Market project.

They hired firms to carry out structural analysis, environmental analysis and feasibility analysis of the market. They had the property appraised. The feasibility analysis is considering a land lease to the City and a sale of the building to the City for \$1. The lease structure being considered is a 4% return as compensation. This return would be deferred for 3 years as needed to allow the lease up of the Pybus Project. The Port has committed \$2 million to the project which will include the purchase of the land and the remainder for site improvements. The feasibility analysis should be completed shortly. In the partnership with the City, the Port would become owner of the ground and the City would be tasked with developing a management model that will allow for the lease up and operation of the Pybus Market and provide the return to the Port.

Current status: The Port of Chelan County has signed a purchase and sale agreement with MOCO properties (Bob Morse). The closing date outlined in the purchase and sale agreement may occur as early as May 11; however, if more time is needed for due diligence, closing can occur as late as August 31st of this year. The City and Port have developed possible timeline that includes a public process for developing schematic design on February 25th that will include stakeholders and potential tenants. Other elements of work to occur during the due diligence period are outlined in the timeline.

Decisions ahead and budget impact: Port staff and City staff are working on a Memorandum of Understanding that will be brought forward for City consideration. The MOU will contain core principles for moving forward that both boards agree upon. It precedes the ground lease/building sale that will be forthcoming. At the time of the lease/sale decision, the City Council will have the Port's feasibility work in hand, as well as a preliminary indication of lease-up. With the \$2 million commitment from the Port of Chelan County, the commitment of federal funds from Patty Murray and the city's Local Revitalization Financing District, it is our goal to develop a very viable financing plan to cover the costs of project design and construction. From City staff standpoint the project is very viable. The stakeholder process will not only provide the basis for the building and site improvements, but will provide a public process to assist in the development of the management model for the public market. A critical component of the management model is a mechanism for the buy-in of the Wenatchee Valley Farmer's Market and other public/private tenants of Pybus. Additionally, City staff is approaching the short and long term operation of this facility to be fully financially sustainable thereby not requiring further investment from the City beyond the start up. Based on preliminary proforma, City and Port staff believe this underlying goal of sustainability is very achievable.

Pybus Market
Partnership: Port of Chelan County and City of Wenatchee
History and Next Steps

1. South node planning charrette (Jan. 29, 2009)
2. Funding application to Senator Murray's office (Feb. 2009)
3. Bellingham Market tours (Jun. 12-13, 2009)
4. LRF Ordinance adoption by City Council (Aug. 27, 2009)
5. Port initiates various studies (December 2009)
6. City and Port hold pre-application meeting. City responds with site development requirements. (Jan 6, 2010)
7. Port enters into Purchase and Sale Agreement with Bob Morse (Jan 2010)
8. City and Port enter adopt Memorandum of Understanding recognizing partnership (January - February 2010)
9. City to organize Farmer's Market operation for 2010 Season ASAP – (Feb. 2010)
10. Stakeholder design process – Involve future potential tenants to assist in identifying needs to incorporate into the schematic design. (Feb. 25, 2010)
11. City and Port work with adjoining property owners to establish shared parking and other shared interests, common areas, etc. (Feb. 2010)
12. Begin Permitting – Shorelines, Binding Site Plan, SEPA. (Feb. 2010)
13. Develop Market and Food Bank relationship. (March 2010)
14. Port complete initial studies incl. market feasibility, env., structural, (Mar. 2010)
15. Ground lease terms between Port and City finalized. (April 2010) Execute Lease at time of Port closing on Morse property.
16. City drafts market operation management plan based on stakeholder process and solicited information. (April 2010)
17. City Council Presentation update (April 2010)
18. City and Port hold on-site public meeting to share Schematic Design (Apr. 2010)
19. Begin design process for core and shell based on Stakeholder process (Apr. 2010)
20. Port evaluates early closing (May 11, 2010)
21. 70% Design of Core and Shell improvement plans completed. (Aug. 1, 2010 or sooner)

22. Port may elect to close on the property or terminate the Purchase and Sale Agreement anytime on or before August 31, 2010.
 23. Bid Demolition of Worthen Street building. (Sept 2010)
 24. Demolition of Worthen Street (front) building. (Oct 2010)
 25. Groundbreaking – Senator Murray and Legislators to be invited.
 26. City to host public meetings to provide update on design and management strategies (September 2010)
 27. Building permits issued and advertisement for bids for core and shell. (Oct 2010)
 28. Core and Shell construction commences. (Nov. 2010)
 29. Market management implement (Winter 2010/2011)
 30. Core and Shell Completed (April 2011)
 31. Tenant Improvements and space lease
 32. Pybus Market Ribbon Cutting
 33. Market Open Spring 2011
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